

Message Text

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ACTION AID-59

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TO SECSTATE WASHDC 5379

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LIMITED OFFICIAL USE DAKAR 5698

EO 11652: NA

TAGS: EFIN, SG

SUBJ: \$20 MILLION EURO-DOLLAR LOAN TO GOS

DEPT PASS AID/W

REF: DAKAR A-78 OF AUG 24, 1973

1. ON DEC 20, GOS MIN OF FINANCE BABACAR BA SIGNED
\$20 MILLION EURO-DOLLARY LOAN CONTRACT WITH REP OF PARIS
BRANCH OF FIRST NATIONAL BANK OF CHICAGO, LEADER OF THE
INTERNATIONAL BANKING SYNDICATE MAKING LOAN. THE LOAN
IS ON COMMERCIAL TERMS AND HAS EIGHT YEAR DURATION WITH TWO
YEAR GRACE PERIOD. MONEY COMES FROM CONSORTIUM OF 35 BANKS, WITH
1ST NATIONAL BANK OF CHICAGO, ONLY AMERICAN BANK REPRESENTED,
HAVING JUST OVER \$5 MILLION SHARE.

2. MONEY WILL BE USED FINANCE PORTION OF GOS FORTH FOUR-YEAR
DEVELOPMENT PLAN (REFTEL). BANKERS PROPOSING THAT MONEY BE USED
FOR PROJECTS WHICH WILL GNERATE QUICK RETURN TO FACILITATE
REPAYMENT. HOWEVER, GOS CONSIDERING USING MUCH OF LOAN FOR
MORE LONG-TERM INFRASTRUCTURE INVESTMENTS.

3. ACCORDING TO JEAN-MARIE AUGER, 1ST NATIONAL BANK OF CHICAGO
REP WHO SIGNED LOAN, HIS BANK HAD GREAT PROBLEMS
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INTERESTING OTHER BANKS IN THE PROJECT AND HAD TO WORK SIX

MONTHS TO PUT TOGETHER PACKAGE. PROBLEMS WERE IMPACT OF
DROUGHT ON SENEGALESE ECONOMY, INCONCRETE GOS PLANS FOR USE
OF LOAN, RUMOR THAT GOS MIGHT ASK FOR MORATORIUM ON DEBT REPAYMENT
AS A RESULT OF DROUGHT, AND FACT THAT GOS CREDIT MAY BE
OVEREXTENDED AS SENEGAL HAS NOW NEGOTIATED 4 EURO-DOLLAR LOANS
THIS YEAR FOR TATAL OF OVER \$70 MILLION. IN VIEW OF ABOVE
PROBLEMS, 1ST NATIONAL GOT GOS TO AGREE TO SEEK NO FURTHER EURO-DOLLA
R
LOANS FOR TWELVE YEARS BARRING SUBSTANTIAL IMPROVEMENT IN SENE-
GALESE ECONOMY.
AGGREY

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Message Attributes

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